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EX PARTE OR LATE FILED

**EX PARTE**

November 5, 1998

Ms. Magalie Roman Salas  
Secretary - Federal Communications Commission  
1919 M Street, N.W. Room 222  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

RE: CC Docket No. 96-262 - Access Charge Reform

Dear Ms. Salas,

Yesterday, representatives of Sprint met with members of the FCC's Common Carrier Bureau's Competitive Pricing Division with regard to the above referenced dockets. Representing Sprint were Jay Keithley, Jim Sichter, Brian Staihr, Rod Thompson, and the undersigned. Participating from the Bureau were Rich Lerner, Steve Spaeth, Neil Fried, Aaron Goldschmidt, Tamara Priess, Doug Galbi, and Jay Atkinson.

The purpose of the meeting was to elaborate on Sprint's access reform proposal as discussed in the comments filed to refresh the record in this docket. The attached materials were provided for discussion in the meeting. In addition, we discussed a capacity-based switching charge structure as a possible alternative to the current per-minute structure. In comments filed in CC Docket 96-98, Sprint had proposed a capacity-based structure for use within the context of local interconnection. Yesterday's discussion on this topic focused on issues surrounding the possible application of this concept to interexchange carrier access.

The original and a copy of this notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(b)(1) of the Commission's rules. If there are any questions, please call.

Sincerely,

Pete Sywenki

Attachment

cc: Rich Lerner  
Steve Spaeth  
Jay Atkinson  
Neil Fried  
Tamara Priess  
Aaron Goldschmidt  
Doug Galbi

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# Interstate Access & the Proper Method for Determining Forward-Looking Economic Costs

FCC Ex Parte Presentation  
Competitive Pricing Division  
November 4, 1998



## Sprint Proposal

- Ultimate goal: Interstate access rates based on forward-looking economic costs (FLEC).
- Commission should initiate proceeding to achieve that goal
  - Don't wait until 2001 to look at FLEC for access
  - Don't re-look at interstate "X" factor
  - Proceeding should determine
    - FLEC for access
    - Reasonable transition period for ILECs to reduce access rates to FLEC levels.
- Target July 1, 1999 as date for 1) having plan developed, and 2) initial implementation of plan.



## Prescribing FLEC-based Interstate Access Rates: Issues

### 1) Disjunction between Part 36 and FLEC

Part 36 allocates to the interstate jurisdiction costs that are not properly part of FLEC of access, e.g.

Non-traffic sensitive (NTS) costs

Retail Costs (e.g. marketing)

ILECs should not be denied recovery of these non-carrier access costs.

Recovery should be through the end-user and not through carrier charges.



## Prescribing FLEC-based Interstate Access Rates: Issues (cont.)

### 2) Company-specific costs

USF:

estimates the costs that would be incurred by any efficient new entrant using forward-looking technology;

broad averages not unreasonable

UNEs:

company-specific costs and inputs required since it is FLEC of specific elements that is being estimated;

FLEC for interstate access must, like UNEs, reflect company-specific costs



## Prescribing FLEC-based Interstate Access Rates: Issues (cont.)

### 3) Required Level of Precision

- USF Model does not estimate FLEC for major access components (switching and transport) with sufficient precision
- Need to develop a more detailed FLEC methodology for these elements, to better reflect cost-causation
- Methodology must reflect appropriate granularity of costs relevant to competition

